

# Research in Support of A Global Market for Forest Carbon

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Resources for the Future

At the Intersection of Climate and Deforestation:  
Can We Solve Two Problems at Once?  
*RFF First Wednesday Seminar Series*

November 7, 2007



# Research Questions

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1. In country REDD policy
2. Global carbon market
3. Credit design and private finance
4. Offset design

# In-Country REDD Policy

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- What REDD policies work best and where?
  - How do we define best?
    - Cost effectiveness, in-country socio/economic implications, ancillary eco-benefits?
- What effect will in-country REDD policies have on local, regional and country-wide economic activity?
- Are REDD policies scalable, or are there discrete policies for specific scales of action?
- How can REDD policies be improved?

# RFF Activities

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- Research on forest conservation policies and rural poverty in Latin America
- Special focus on:
  - Protected areas policy
  - Payments for ecosystem services
- Study areas:
  - Mexico, Costa Rica, El Salvador, and Brazil

# Global Carbon Market

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- What do we know about the supply curve for forest carbon credits?
- What might be the effect of these credits on:
  - The global carbon market
  - The cost of GHG concentration stabilization
  - And the deployment of particular abatement options?

# RFF Activities

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- Analysis using combined global inter-temporal models of energy related carbon abatement and land use
- Preliminary results suggest – 550 CO<sub>2</sub>
  - Afforestation/deforestation could be 1/3 of total abatement by 2050, CO<sub>2</sub> price lower by 40%
  - “Crowds out” energy sector abatement for the first 10-20 years

# Credit Design and Private Finance

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- Permanence, liability, leakage, baselines, monitoring, and participation of both suppliers and buyers of credits
  - Project based credits *vis-à-vis* national based credits
  - Permanent credits *vis-à-vis* temporary credits
  - Baselines and “hot air”
  - Fungibility of the credit

# RFF Activities

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Initial focus on:

- National v. project based
  - National level – nature of the investment from the private investor perspective, risk quantification
  - Project level – solutions to the leakage problem
- Permanence
  - Permanent credits – issues of liability, host country commitments
  - Temporary credits – buyer interest, pricing, effects on carbon market

# Offset Design

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- What effect would international REDD credits have on the domestic US carbon market?
  - Many of the same global carbon market issues
- What factors would influence the design of REDD offsets?
  - Wait for UNFCCC rules?

# RFF Activities

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- US carbon market modeling
  - Effects on carbon price and mitigation cost
  - Effects on domestic agriculture and forest offset credits
  - Magnitude of international wealth transfers
- Offset design
  - Builds on results of in-country work
  - Feeds into UNFCCC process, consistent with EU-ETS

# RFF REDD Team

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- Erin Myers
- Billy Pizer
- Roger Sedjo
- Juha Siikamaki
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